



0000031318

## BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

AUG 02 2000

CARL J. KUNASEK  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
WILLIAM A. MUNDELL  
COMMISSIONER

DOCKETED BY

sd

IN THE MATTER OF THE APPLICATION OF  
GARKANE POWER ASSOCIATION FOR  
PERMISSION TO TRANSFER CERTAIN OF ITS  
SERVICE TERRITORY TO THE CITY OF  
FREDONIA.

DOCKET NO. E-01891A-00-0118

DECISION NO. 62765OPINION AND ORDER

DATE OF HEARING: July 11, 2000

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Karen E. Nally

APPEARANCES: Mr. Michael Grant, Gallagher & Kennedy, P.A. on  
behalf of Garkane Power Association;Ms. Janice Alward, Staff Attorney, Legal Division, on  
behalf of the Utilities Division of the Arizona  
Corporation Commission.

## BY THE COMMISSION:

On February 18, 2000, Garkane Power Association ("Garkane") filed an application for  
permission to transfer certain of its service territory to the City of Fredonia ("Fredonia").

On June 13, 2000, Staff of the Arizona Corporation Commission ("Staff") filed a Staff Report  
with the Arizona Corporation Commission ("Commission").

On June 26, 2000, Fredonia filed a Motion to Intervene ("Motion"). On July 7, 2000,  
Fredonia was granted intervention.

On July 7, 2000, Garkane filed an Affidavit of Publication which confirmed publication on  
June 28 and July 5, 2000. Garkane also stated that it mailed notice to Garkane's current Arizona  
customers on or about June 20, 2000.

Discussion

Garkane is a Utah nonprofit cooperative that provides electric service to its members. More  
than 90% of its members reside in Utah with the remaining customers located in Arizona.

In Decision No. 38446, dated April 4, 1966, the Commission authorized Garkane to serve

1 most of the power needs of the Kaibab Lumber Company ("Kaibab"). Decision No. 38446 also  
 2 authorized California-Pacific Utilities Company ("Cal-Pac") to continue to serve the domestic and  
 3 small motor electrical needs of Kaibab at this plant location. Subsequent to the issuance of Decision  
 4 No. 38446, Fredonia acquired the Cal-Pac system. In February 1995, Kaibab ceased most of its  
 5 operations at the property site.

6 Garkane has agreed to transfer the right to serve the Kaibab service territory to Fredonia.  
 7 Fredonia stated that it is ready, willing and able to serve the power needs at the Kaibab property.  
 8 According to Staff, the transfer of the Kaibab service territory will not impact Garkane's ability to  
 9 provide service to its other Arizona members particularly in light of the substantially reduced load  
 10 serviced by Garkane after Kaibab ceased most of its operations.

11 Although Fredonia intervened in this matter, it did not submit any testimony or comments and  
 12 did not appear at the hearing. Staff has been in contact with Fredonia who indicated to Staff that it  
 13 intervened to monitor the case.

14 Staff has reviewed the effect of Fredonia's rates on Kaibab, the one affected customer, and  
 15 determined that Kaibab would not be harmed by a change in provider should it resume operations in  
 16 the future. Staff testified at the hearing that Fredonia's rates for Kaibab are presently lower than  
 17 Garkane's rates currently in effect. Staff therefore recommends approval of the application of  
 18 Garkane to transfer that portion of the service territory as set forth in Exhibit A.

19 \* \* \* \* \*

20 Having considered the entire record herein and being fully advised in the premises, the  
 21 Commission finds, concludes, and orders that:

#### 22 FINDINGS OF FACT

- 23 1. On February 18, 2000, Garkane filed an application for permission to transfer certain  
 24 of its territory to Fredonia.
- 25 2. On June 13, 2000, Staff filed a Staff Report with the Commission.
- 26 3. On June 26, 2000, Fredonia filed a Motion to Intervene.
- 27 4. On July 7, 2000, Fredonia was granted intervention.
- 28 5. On July 7, 2000, Garkane filed an Affidavit of Publication and also represented that it

1 mailed notice to its Arizona customers on or about June 20, 2000.

2 6. Garkane is a Utah nonprofit cooperative that provides electric service to its members.

3 7. More than 90% of its members reside in Utah with remaining customers located in  
4 Arizona.

5 8. In Decision No. 38446, dated April 4, 1966, the Commission authorized Garkane to  
6 serve most of the power needs of Kaibab.

7 9. Decision No. 38446 also authorized Cal-Pac to continue to serve the domestic and  
8 small motor electrical needs of Kaibab at this plant location.

9 10. Subsequent to the issuance of Decision No. 38446, Fredonia acquired the Cal-Pac  
10 system.

11 11. In February 1995, Kaibab ceased most of its operations at the property site.

12 12. Garkane has agreed to transfer the right to serve the Kaibab service territory to  
13 Fredonia.

14 13. Fredonia stated that it is ready, willing, and able to serve the power needs at the  
15 Kaibab property.

16 14. According to Staff, the transfer of the Kaibab service territory will not impact  
17 Garkane's ability to provide service to its other Arizona members particularly in light of the  
18 substantially reduced load serviced by Garkane after Kaibab ceased most of its operations.

19 15. Although Fredonia intervened in this matter, it did not submit any testimony or  
20 comments and did not appear at the hearing. Staff has been in contact with Fredonia who indicated to  
21 Staff that it intervened to monitor the case.

22 16. Staff reviewed the effect of Fredonia's rates on Kaibab, the one affected customer, and  
23 determined that Kaibab would not be harmed by a change in provider should it resume operations in  
24 the future.

25 17. Staff testified at the hearing that Fredonia's rates for Kaibab are presently lower than  
26 Garkane's rates currently in effect.

27 18. Staff recommends approval of Garkane's application to transfer that portion of the  
28 service territory as set forth in Exhibit A.

19. Staff's recommendations are reasonable and in the public interest.

**CONCLUSIONS OF LAW**

1. Garkane is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2. The Commission has jurisdiction over Garkane and the subject matter of the application.

3. Notice of the application was given in accordance with the law.

4. The public will benefit by the transfer of the portion of Garkane's service territory as described herein Exhibit A.

5. Staff's recommendation as set forth in Findings of Fact No. 18 is reasonable, in the public interest, and should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that the application of Garkane Power Association for permission to transfer certain of its service territory as set forth in Exhibit A to the City of Fredonia is hereby granted.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.


BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 2<sup>ND</sup> day of August, 2000.

  
BRIAN C. McNEIL  
EXECUTIVE SECRETARY

DISSENT \_\_\_\_\_  
KEN

SERVICE LIST FOR:

GARKANE POWER ASSOCIATION

DOCKET NO.:

E-01891A-00-0118

Michael M. Grant  
GALLAGHER & KENNEDY  
2600 N. Central Avenue  
Phoenix, Arizona 85004-3020  
Attorneys for Garkane Power Association

William D. Baker  
ELLIS & BAKER, P.C.  
2111 E. Highland, Suite 355  
Phoenix, Arizona 85016  
Attorneys for Town of Fredonia

Lyn Farmer, Chief Counsel  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
Phoenix, Arizona 85007

Deborah R. Scott  
Utilities Division Director  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
Phoenix, Arizona 85007

EXHIBIT A

All of the South Half of the Southeast Quarter of Section 21, Township 41 North, Range 2 West, G&SRB&M., Lying South of U.S. Highway 89, Coconino County, State of Arizona; All of the Northeast quarter of the Northwest Quarter of Section 28 and all of the North Half of the Northeast Quarter of Section 28, Township 41 North, Range 2 West, G&SRB&M., Coconino County, State of Arizona.